

**STATE OF CALIFORNIA  
EMPLOYMENT TRAINING PANEL MEETING**

City Council Chambers  
915 I Street, Room 205  
Sacramento, California  
February 24, 2000

PANEL MEMBERS

John Duncan  
Chairman

Clifford Cummings  
Member

Aram Hodess  
Member

Patricia A. Noyes  
Member

Tom Rankin  
Member

Laurel Shockley  
Member

Pat Williams  
Member

Ruben H. Zuniga  
Member

Executive Staff

Victoria Bradshaw  
Executive Director

Oscar Wright  
Assistant Director, Program Operations

Ada Carrillo  
Acting Assistant Director, Administration

Peter G. DeMauro  
General Counsel

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**I. CALL TO ORDER**

Chairman John Duncan called the public Panel meeting to order at 9:06 a.m.

**II. ROLL CALL**

Members Present

John Duncan, Chairman  
Aram Hodess  
Laurel Shockley  
Pat Williams

Members Arriving After Roll Call

Tom Rankin, arrived at 9:30 a.m.

Members Absent

Clifford Cummings  
Pat Noyes  
Ruben Zuniga

Due to a lack of a quorum, the approval of the Agenda and the minutes was postponed until after the arrival of Panel member Tom Rankin, at which time a quorum was present. Chairman Duncan proceeded to meet as a committee of the whole with the presentation of reports that required no action until Mr. Rankin arrived.

**III. REPORTS OF THE PANEL MEMBERS**

There were no reports from the Panel members.

#### **IV. REPORT OF THE EXECUTIVE DIRECTOR**

Ms. Bradshaw reported there will be three projects presented that will not have a quorum necessary for a vote because of abstentions. ETP will schedule a teleconference meeting as soon as possible in order to present those projects to the full Panel.

Ms. Bradshaw reported on the Governor's approval of an additional \$15 million appropriation to the budget for ETP training projects for those parts of the state that have not benefited from the economic recovery or still have a low job generation. ETP is also pursuing the recovery of funds directed out of the ETP training fund into the Department of Social Services for welfare to work projects.

Next month Ms. Bradshaw will present the following issues to the Panel: 1) published/catalog rates; 2) budgets/budget process; and 3) allowing employer contribution in multiple employer contracts. The issue of multiple employer contracts will be brought before the Panel in April. Ms. Bradshaw requested the public send their comments and recommendations to ETP staff.

Ms. Bradshaw reported SAP Labs will be presenting a new project proposal in the future and will not be requesting an Amendment to the existing Agreement. This will allow SAP Labs to clarify the project goals; also a new Agreement will allow SAP Labs a full two years of training.

#### **V. REPORTS OF THE ASSISTANT DIRECTORS**

##### **Applications Activity**

Mr. Wright referred the Panel to the reports on the application activity. ETP has been averaging 47.1 Requests for Eligibility Determination (REDs) a month. Out of 453 employers who have attended ETP's orientation meetings, 325 employers have submitted REDs and ETP has received 153 applications. Projects approved have been averaging 19.9 a month with an average of \$8.7 million.

Ms. Bradshaw stated ETP is considering putting a form of the orientation on a computer-based program.

##### **Meeting Sites**

Ms Carrillo reported next month's Panel meeting will be a two-day meeting to in Ontario. A two-day meeting in June will be held in the Sacramento City Council Chambers. April and May meetings will be one-day meetings.

##### **Fund Status Report**

Ms. Carrillo reported the amount of training funds remaining available for this fiscal year is \$68.8 million. Prior to this month's Panel meeting, the Panel approved \$59.2 million. If all projects presented today are approved, we will be adding an additional \$11.6 million, bringing the total amount committed to training to \$70.8 million for this fiscal year. We will have incrementally encumbered \$35.4 million, leaving an uncommitted fund balance for the remainder of the fiscal year of \$23.5 million.

## **VI. REPORT OF THE GENERAL COUNSEL**

The General Counsel had no report.

## **VII. OLD BUSINESS**

Ms. Bradshaw stated that at the January Panel meeting, the Panel had voiced concerns over providing funds for training employees of a training agency and at that January meeting, a moratorium was placed on future funding for employees of training agencies. Ms. Bradshaw proposed the Panel place a continuing moratorium, effective immediately, on the funding of training projects which provide training for any or all of a training agency's own employees. This would apply to all training agencies doing business directly or indirectly with ETP. Ms. Bradshaw requested this issue be brought back to the Panel later in the morning and voted on when a quorum is present.

Panel member Tom Rankin arrived at 9:30 a.m., thereby satisfying the Panel quorum requirement.

## **VIII. APPROVAL OF AGENDA**

ACTION: Mr. Hodess moved and Ms. Williams seconded the Panel approve the meeting agenda as proposed.

Motion carried, 5 – 0.

## **IX. APPROVAL OF MINUTES**

ACTION: Ms. Shockley moved and Mr. Rankin seconded the Panel approve the minutes of the January 27, 2000, meeting as presented.

Motion carried, 5 – 0.

## **X. OLD BUSINESS CONTINUED**

Ms. Bradshaw reiterated the request for action on last month's issue regarding a project requesting funds to train employees of a training agency. The Panel had asked that a moratorium be placed on requests from training agencies to train their own employees. Ms. Bradshaw requested a formal moratorium to be put in place indefinitely or until further action of the Panel. The moratorium is to be placed on the funding of training projects which propose training for any or all of the employees of training agencies doing business directly or indirectly with ETP and the moratorium is to be effective immediately.

ACTION: Ms. Shockley moved and Mr. Hodess seconded the Panel approve the moratorium as presented.

Motion carried, 5 – 0.

## **XI. CONSENT CALENDAR, FINAL AGREEMENTS AND AMENDMENTS**

Mr. Wright reported there is nothing on the Consent Calendar. There is one Final Agreement that was brought before the Panel in January as a Proposed Agreement.

Ron Tagami, manager of ETP's North Hollywood field office, presented the Final Agreement for Entertainment Industry Development Corporation (EIDC) in the amount not to exceed \$555,000 for 300 retrainees. The EIDC serves the film industry by issuing production/filming permits for the city and county of Los Angeles as well as five incorporated cities in the Los Angeles area and promotes the California film industry to the world to bring business into California. The Proposed Agreement was approved at the January Panel meeting with contingencies for the submission, review, and approval of budget work papers from the Contractor and each training provider, and a final determination of the cost per training hour, final curriculum, and finalized subagreements. The final curricula have been submitted and approved. Finalized subagreements are not required at this time due to recent changes in the ETP subagreement review process. Budget work papers have been submitted to staff for review. Until the budget can be finalized and final rate determined, training would begin at the \$37.50 per hour authorized under their prior Agreement.

Mr. Tagami introduced Kathleen Milnes, Senior Vice President. She addressed a question by Mr. Hodess' regarding post-production customized training by stating the training provided is definitely job specific. The jobs themselves require high tech training programs.

Ms. Bradshaw observed that employment in the entertainment industry is unique. Unlike the traditional employment arrangement where a person goes to work for a single employer and remains with that employer for several years, entertainment industry workers frequently work on a project basis. An employee may work for an employer on a specific project and when that project is completed, move on to another project/employer within the industry. She stated it behooves the Panel to look at industries individually to see if the benefit to training is to create a skilled workforce so as to attract more businesses to California.

Mr. Hodess questioned whether there was much private industry support for in-house on-going training.

Ms. Milnes explained the larger companies, the major studios, do have their own formal training programs. Most of the training is on-the-job training, but individuals also seek their own training opportunities when they are unemployed between projects.

ACTION: Ms. Williams moved and Ms. Shockley seconded the Panel approve the Final Agreement as presented.

Motion carried, 5 – 0.

### **Amendments**

#### **Medimpact Healthcare Systems, Incorporated**

Diana Torres, manager of ETP's San Diego field office, presented a proposed Amendment for Medimpact Healthcare Systems, Incorporated, a pharmaceutical management company, in the amount of \$58,760 to add 92 trainees in a second phase of training. The Company has been experiencing vigorous job growth and has greatly expanded and diversified client activity. The Contractor has integrated the new employees in every department and needs to provide essential core Team Based Operations and Practices Training to these new employees. It is essential for these new employees to receive this training to enable them to work in the new team based environment with employees that have been provided ETP-funded high performance workplace training during Phase 1. The Company's in-kind contribution will be approximately \$50,000 for training and training related expenses and \$90,000 in trainee wages to be paid during training.

Mr. Rankin questioned what Medimpact does. Ms. Torres explained that Medimpact is a provider of prescription benefits programs, disease management services, and healthcare information systems to the pharmaceutical industry. Medimpact acts as a middleman between the insurance companies and the pharmacies.

ACTION: Ms. Shockley moved and Ms. Williams seconded the Panel approve the proposed Amendment.

Motion carried, 5 – 0.

#### **Internet Education Centers**

Mr. Tagami presented a proposed Amendment for Internet Education Centers, a training agency. The initial ETP program was designed to provide 200 hours of instruction in the Microsoft Certified System Engineer Curriculum. Due to employer demand, this Amendment will add 68 retrainees, extend the Agreement to 24 months, and add curriculum for Webmaster training. The proposed Amendment will increase the original Agreement by \$189,105.

Mr. Hodess mentioned that the multi employer generic training being provided by a training agency was found to be the least effective training in a recent study by CSUS Northridge. Ms.

Bradshaw replied that the Panel will be addressing the issue of multi employer contracts at the April Panel meeting.

ACTION: Mr. Rankin moved and Ms. Shockley seconded the Panel approve the Amendment as proposed.

Motion carried, 5 - 0.

### **J & R Film Company, Inc./Moviola Digital Education Center**

Mr. Tagami presented an Amendment for J & R Film Co., Inc./Moviola Digital Education Center. According to the Contractor's representative, Moviola has had an overwhelming response from interested employers. In order to meet the needs of these employers, Moviola is requesting to add 500 trainees to the Agreement and increase the total ETP funded amount by \$1,155,168.

Mr. Tagami introduced Patricia Montesion, Director of Training.

Chairman Duncan explained there will not be a quorum to act on this proposal due to a Panel member having to abstain. Therefore, the Panel will be acting as a committee of the whole and will bring the Panel's recommendation back to the full Panel at a future date with a conference call.

Mr. Hodess asked if the Center is training only currently employed post-production employees from small company employers or if they are training people that are moving into the industry. Ms. Montesion replied the trainees are all current full time employees.

Ms. Shockley was concerned with the high turnover rate. Ms. Bradshaw stated this is one of the industries where the employees work on a project to project basis going from employer to employer within the industry. The training is providing a skilled workforce for that particular industry and hopefully attracting businesses in that industry to California. This is one of the issues the Panel will be addressing in April.

ACTION: Ms. Shockley moved and Mr. Hodess seconded the Panel approve the Amendment as recommended.

Motion carried as a committee of the whole, 4 – 0 – 1 (Ms. Williams abstained from the vote).

Ms. Bradshaw stated ETP will set up a teleconference call for the week of March 6. She requested the Panel allow the training on those projects being brought to the teleconference meeting to start immediately following the conference call if approved.

## **SET – Los Angeles Chapter, National Tooling & Machining Association Training Trust**

Mr. Tagami presented an Amendment to Los Angeles Chapter, National Tooling & Machining Association Training Trust's twenty-first Agreement. According to the Contractor's representative, the costs associated with recruitment of new-hire participants through promotional mailers provided by the Employment Development Department (EDD) have historically averaged five to seven percent of the training costs. The 8 percent support costs approved by the Panel at the December meeting has proven not sufficient to provide the Contractor with the funds to do necessary mailers to potential new-hire trainees. The Contractor is requesting an additional \$115,200 be amended into the original Agreement to defray a portion of the costs of new-hire recruitment mailers. Mr. Tagami stated ETP Regulations Section 4411(i) allows the Panel to approve up to an additional four percent funding for necessary promotional mailers to potential new hire trainees

Mr. Tagami explained to Mr. Rankin that EDD targets the recruitment area by the zip codes of the areas surrounding the training center. Mr. Rankin commented he would like to see EDD develop a more targeted method of identifying potential trainees.

**ACTION:** Ms. Williams moved and Ms. Shockley seconded the Panel approve the Amendment as proposed.

Motion carried, 5 - 0.

## **California Manufacturer's Association (Welfare to Work)**

Charles Lundberg, acting manager of ETP's Sacramento field office, presented an Amendment for California Manufacturer's Association to remove 88 retrainees and add 7 welfare to work trainees who are currently receiving CalWORKs benefits or have received CalWORKs benefits within one year of commencement of training. The training will provide job specific skills and generally accepted business practices to ensure employment success, job satisfaction, and career advancement. This proposed amendment to remove 88 trainees from the project was necessitated by a delay in training by two large participating employers. This Amendment will reduce the original Agreement by \$5,182.

Mr. Lundberg introduced Brian McMahon.

**ACTION:** Ms. Williams moved and Ms. Shockley seconded the Panel approve the Amendment as proposed.

Motion carried, 5 – 0.

## **MCI WorldCom**

Mr. Lundberg presented an Amendment for MCI WorldCom to change the curriculum for one type of training, data communications, redistribute trainees in job groups and reduce the class/lab hours to meet the training needs of the employees and MCI WorldCom. The

Contractor conducted a review of the training program after the recent merger of MCI Telecommunications Corporation and WorldCom and the results revealed that the training program as designed could not be administered as originally planned. Company officials state that the intent of the original Agreement has not changed, and this Amendment will continue to provide employees with the skills to adapt to a high performance workplace. This Amendment will reduce the original amount by \$502,600.

ACTION: Ms. Shockley moved and Mr. Rankin seconded the Panel approve the Amendment as proposed.

Motion carried, 5 – 0.

### **Truck Driving Academy**

Mr. Lundberg presented a proposed Amendment for Truck Driving Academy to increase the number of trainees from 100 to 200, increasing the total funded amount by \$458,799, and to extend the end-of-term date by one year. The curriculum remains the same. The Truck Driving Academy is a vocational training institute providing training for entry-level employment as local or over-the-road drivers to individuals with no prior experience or training. This Amendment will allow twice as many unemployment insurance recipients as were included originally to move into full-time, stable employment in a growing industry.

Mr. Lundberg introduced Charles Grant, Owner, and Dianna Ojeda, Vice President.

ACTION: Ms. Shockley moved and Ms. Williams seconded the Panel approve the proposed Amendment.

Motion carried, 5 – 0.

## **XII. REVIEW AND ACTION ON AGREEMENTS AND PROPOSED AGREEMENTS**

### **One Step Agreements**

#### **Luxfer, Inc.**

Diana Torres, manager for ETP's San Diego field office, presented a One-Step Agreement for Luxfer, Inc., a manufacturer of high-pressure gas cylinders, in the amount of \$380,124 to retrain 286 employees under the training project profile of an employer adapting to a high performance workplace. Globally, there are more than ten aluminum cylinder manufacturers competing with Luxfer. In order to facilitate their drive to become a world class manufacturing facility, remain competitive, increase productivity, and market share gains. Luxfer, Inc. has begun implementation of several new business and manufacturing systems. Formal training is critical in these systems. The Contractor has certified that in addition to funds from ETP, they project training costs and other training related expenses in the amount of \$570,000 and wages to be paid to employees during the training in the amount of \$420,720. Additionally, the Contractor projects that \$150,000

will be expended on training during the two years following the ETP training. All training in this proposal will be conducted at Luxfer's Riverside location. The Company may request a second phase of training to include their Huntington Beach location. The Contractor originally requested more SOST hours than are reflected in this proposal and, once the Company has reached a satisfactory level of performance, additional training hours and funding of approximately \$74,000 may be requested. The local union is in support of this project and was involved in discussions with management on the need for the training, performance objectives, team-based structure of the training plan, and rationale for the Company moving toward a high performance workplace.

Ms. Torres introduced William Schuler, Senior Vice President; Duncan Banks, MRP II Project Manager; Jerry Storns, representative from the United Steelworkers of America, Local Union Number 6704; and Paul Johnston, California Training Coalition.

**ACTION:** Mr. Rankin moved and Mr. Hodess seconded the Panel approve the One-Step Agreement as presented.

Motion carried, 5 – 0.

### **SET – San Diego County SER/Jobs for Progress, Inc.**

Ms. Torres presented a One-Step Agreement for San Diego County SER/Jobs for Progress, Inc. in the amount of \$258,960 to train 45 new hires under the training project profile of new hire, job creation. SER Jobs for Progress, Inc. is a national network of local SER affiliates which address the problems of unemployment and underemployment, particularly within minority communities. San Diego County SER/Jobs for Progress, Inc. conducted labor market research in the San Diego area and found that over 25,000 job openings are projected for the San Diego area over the next five years in clerical and customer service occupations. San Diego County SER/Jobs for Progress, Inc. has worked with insurance company employers and found that entry level jobs in clerical and customer service are in great demand. Trainees will be placed with insurance industry call centers and other ETP-eligible employers in the insurance industry in San Diego. SER designed its training programs to address the training needs of individuals with multiple barriers to employment. Twenty-five trainees will have at least two barriers to employment. The majority of these trainees will have little meaningful past work experience and all participants will be unemployed, underemployed, had exhausted their unemployment insurance benefits, or had received a layoff notice. SER is requesting that these 25 trainees be provided child care and transportation assistance to enable them to successfully complete the training.

San Diego County SER/Jobs for Progress Inc. is a first-time ETP training agency. Therefore the term of the Agreement will be for twelve months, and the training project will be implemented in two phases. Upon satisfactory performance in Phase 1, the Contractor will submit an Amendment to implement a Phase II of training, and to extend the Agreement term to the maximum allowable 24 months. Staff recommended that the Panel approve the request to provide child care and transportation cost to 25 new-hire trainees with a minimum of two barriers to employment in the amount of \$43,500, or \$1,740 per trainee for the 13 week training program.

Ms. Torres introduced Sal Martinez, Vice President. Chairman Duncan was concerned about the amount of money remaining in the SET category. Ms. Bradshaw stated ETP is allowed to fund up to 15 percent of the SET monies for those projects that include individuals with barriers to full-time employment. If this project is approved, there will be \$300,000 left in that portion of the fund for the remainder of this fiscal year.

ACTION: Mr. Rankin moved and Ms. Williams seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 5 – 0.

### **University of San Diego Office of Continuing Education**

Ms. Torres presented a One-Step Agreement for University of San Diego Office of Continuing Education in the amount of \$57,840 to retrain 80 small business owners under the training project profile of SET entrepreneurial training. The object of the Entrepreneurial Training Program is to provide small business owners with competitive business management skills needed to successfully manage a business, and to provide skills training about competing effectively for contracts with large businesses and government organizations as a vendor or supplier of services and/or products.

Ms. Torres introduced Jodi Waterhouse, Manager of Corporate and Professional Programs. There were no questions from the Panel.

ACTION: Ms. Shockley moved and Mr. Hodess seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 5 – 0.

### **Career Networks Institute**

Ms. Torres presented a One-Step Agreement for Career Networks Institute (CNI) to train 30 current unemployed individuals for a total program cost of \$171,150. CNI is a post-secondary vocational education school providing training to meet the demand for entry level for allied health careers. Recent statistics reported that the fastest growing occupations through the year 2005 are in computer technology and health care fields. The training will provide the trainees with the skills to meet the entry-level requirements in medical offices, clinics, hospitals, and other health care environments. CNI has identified 15 Orange County ETP-eligible employers for the initial core group of employers, and will identify additional ETP-eligible employers for placement as the training project progresses. Because CNI is a first-time training agency, the training project will be implemented in two phases. Upon satisfactory performance, CNI will submit an Amendment to implement a second phase of training to provide training to a minimum of 40 additional new-hire trainees at a projected cost of \$228,200.

Ms. Torres introduced Jim Buffington, President. Mr. Hodess asked about the referral process used by CNI. Mr. Buffington stated that even though the school works with the local EDD offices to send CNI recruitment fliers with an individual's unemployment check, most of their recruitment is through their own marketing strategies through print and newspaper media to the general public.

**ACTION:** Ms. Williams moved and Ms. Shockley seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 5 - 0.

### **New Horizons Computer Learning Center**

Ms. Torres presented a One-Step Agreement for New Horizons Computer Learning Center in the amount of \$278,000 to retrain 500 workers of companies threatened by out-of-state competition, and employers adapting to a high performance workplace. Ms. Torres noted the Company states it provides the most updated computer skills training to employers in over 200 locations throughout the world. Although the training curriculum is not customized to any particular employer, New Horizon states the curriculum is developed according to the requirement of the software that employers need to perform effectively. New Horizons reports that they provide a wide variety of different types of training at each of their locations and the number of ETP trainees in a particular training session will vary substantially. New Horizons cannot identify the class composition by funding source, other than to state ETP participation will range from 1 percent to 90 percent. The low ETP participation ratio raises concerns that ETP dollars may be used to fill otherwise unoccupied slots or replace funding from other sources. Ms. Torres stated because of these concerns, staff cannot recommend approval of this project unless New Horizons gives the Panel additional assurances.

Ms. Torres introduced Brian Duncan, State Funded Projects Manager for New Horizons. Ms. Bradshaw stated the Panel has been asking each multiple employer retraining contractor to verify their class composition to ensure that ETP dollars do not supplant other retraining dollars. New Horizons has 19 statewide training locations providing ETP-funded training and cannot identify by class the ETP trainee composition. Ms. Bradshaw asked Mr. Brian Duncan to give the Panel some assurance that ETP funds are not being used to replace other funding sources; otherwise, staff cannot recommend approval of this project. Ms. Bradshaw voiced concern that the nature of the training being provided was generic and not customized to the individual employers. She was also concerned that New Horizons was filling classes and then, after the fact, identifying those trainees that could be funded by ETP.

Mr. Brian Duncan did not identify specific ETP participation or any specific industry/employer that would have ETP funded trainees participating.

Mr. DeMauro was concerned that some of the trainees in these classes are from other ETP contracts since New Horizons is a subcontractor on other ETP contracts as stated by Mr. Brian Duncan.

ACTION: Mr. Rankin moved and Mr. Hodess seconded the Panel table this proposal.

Motion carried, 5 – 0.

### **Reed Manufacturing Company**

Mr. Tagami presented a One-Step Agreement for Reed Manufacturing Company in the amount of \$102,092 to retrain 63 employees. The Company produces concrete gunite machines used in construction, tunneling, mining, and offers a complete line of concrete placement equipment. The proposed training under ETP will allow Reed Manufacturing to expand, accelerate, and formalize their current training program.

Mr. Tagami introduced Josie Munar, Program Director. Mr. Munar presented a letter from the President of the Company explaining his absence and naming Mr. Munar as the Company's representative.

ACTION: Mr. Rankin moved and Ms. Williams seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 5 – 0.

### **Robertshaw Controls Company**

Mr. Tagami presented a One-Step Agreement for Robertshaw Controls Company to retrain 300 employees in the amount of \$401,400. Robertshaw manufactures controls, thermostats and electronic controls for gas water heaters, space heaters, central heaters, and fireplaces. The training in Continuous Improvement Skills, as proposed in this Agreement, will help the company establish work teams and start the process of moving the Robertshaw Controls Company toward becoming a high performance workplace. The purpose of the training proposed is to counter competitive forces and improve the long-term job prospects at the Long Beach plant. This Agreement has the support and cooperation of the local union.

Mr. Tagami introduced Christie Collins, Human Resources Manager; Robert Markley, President of Local 805, UAW; Billie Dunbar, Chairperson from Local 805 UAW; and Steve Duscha from Steve Duscha Advisories.

ACTION: Mr. Rankin moved and Ms. Shockley seconded the Panel approve the One-Step Agreement as proposed.

Motion carried as a committee of the whole, 4 – 0 – 1 (Ms. Williams abstained from the vote).

Ms. Bradshaw assured Robertshaw that their proposal will be recommended for approval from the committee of the whole to the full Panel at the teleconference to be scheduled the week of March 6.

## **Stellex Paragon Precisions, Incorporated**

Mr. Tagami presented a One-Step Agreement for Stellex Paragon Precisions, Incorporated (Paragon) in the amount of \$110,200 to retrain 80 employees in Continuous Improvement to facilitate the Company's adaptation to a high performance workplace. Paragon manufactures complex, high quality rotating hardware for commercial, industrial and military applications using exotic metals. High performance workplace training is especially important as the Company continues to seek more commercial business, in which price competition is even tougher than it is with aerospace business.

Mr. Tagami introduced Darrell Buxton, Program Manager.

ACTION: Ms. Shockley moved and Ms. Williams seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 5 – 0.

## **Continental Graphics, a Division of Continental Graphics Holdings, Incorporated**

Mr. Tagami presented a One-Step Agreement for Continental Graphics (CG) in the amount of \$420,992 to retrain 280 employees in order to convert to a high performance workplace. The Company converts all types of information and records to Micrographics (Microfilm), Reprographics (xerox), C.D.'s, and provides specialty printing. To remain viable in California, CG must convert to a high performance workplace and shift its emphasis to process improvement procedures. Instead of relying on managers to make decisions and solve problems, CG will train its frontline workers in Continuous Improvement, Computer Skills, and Manufacturing skills so they will be able to work in teams and solve problems. The local Graphics Communication Union supports this ETP training project.

Mr. Tagami introduced Dan Santillan, Vice President of Human Resources, and Mike Uehlein, Shop Steward.

ACTION: Mr. Rankin moved and Ms Shockley seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 5 – 0.

## **Professional Career Institute**

Mr. Tagami presented a One-Step Agreement for Professional Career Institute in the amount of \$255,350. Professional Career Institute proposes to train 50 new hire trainees in Computer Systems Technology consisting of Network Engineering, Network Administration, and Technical Design and Repair. This training will prepare these new hire employees for jobs as Computer Specialists.

Mr. Tagami introduced Ray Khan, President, and John Dissinger, Director of Operations. There were no questions from the Panel.

ACTION: Ms. Williams moved and Ms. Shockley seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 5 – 0.

### **Bryman College**

Mr. Tagami presented a One-Step Agreement for Bryman College for \$163,730 to train 190 current workers in mostly small and medium sized manufacturing businesses in Computer Skills. Continuing requests for businesses in the Los Angeles area indicates there is an on-going need for training in Computer Skills. All classes will be comprised 100 percent of ETP funded trainees.

Mr. Tagami introduced Helen Carver, President.

Ms. Bradshaw stated this is a multi employer contract with participating employers from larger companies. One of the issues that will be brought before the Panel in April is whether the Panel should be funding training agencies with large company multi employer participation, or should these larger companies have their own individual contracts.

Ms. Carver stated 67 percent of their applicants are small businesses with 250 employees or less. The large companies listed show the number of employees they have employed worldwide; however, their local California offices only employ a few hundred. Mr. Rankin suggested, for future clarification on the larger companies, showing on the charts the breakdown of a company's worldwide number of employees and the company's employees located in California.

ACTION: Mr. Rankin moved and Ms. Williams seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 5 – 0.

### **Lockheed Martin Missiles and Space**

Chairman Duncan recused himself from the Lockheed Martin presentation and action. Ms. Shockley presided as Chairperson.

Mr. Chan, manager of ETP's San Mateo field office, presented a One-Step Agreement for Lockheed Martin Corporation, Lockheed Martin Space Systems Company, Sunnyvale Operations in the amount of \$4,251,052 for 8,443 retrainees. Lockheed Martin has been dedicated to the development and production of guided missiles for the defense industry. The cutback in the Federal defense budget required Lockheed to modify its strategic plans to move toward attracting the private sector in a competitive marketplace. Lockheed expanded its

operations to include commercial products. Due to the changing product mix, Lockheed finds it necessary to change how it does business. Lockheed is moving to a high-performance workplace and is eliminating many middle management positions for a more flattened organizational structure. This means that the frontline worker is more responsible for problem solving and decision making. The local International Association of Machinists and Aerospace Workers Union has concurred with this project. Lockheed Martin has certified that this proposed training will supplement rather than displace its existing training and would not occur in the form and manner described without ETP funding. The Contractor states that training and training related costs are projected to be \$22 million and wages paid during training will be approximately \$12.8 million. With the many changes Lockheed is experiencing, it must expand and modify its past training program. The extensive ETP training project will allow Lockheed to train faster by including more employees and more training modules. Lockheed will continue to provide significant training other than what is funded under the ETP Agreement including, but not limited to, engineering, manufacturing skills, ethics, and software engineering. Cross training will also be done as a means of expanding the workforce's versatility.

Mr. Tagami introduced Frances Grant, Project Leader, Human Resources; Richard Kludt, Vice President, Human Resources; Kevin Bilger, Vice President, Engineering; and John Fox, Area Director, International Association of Machinists and Aerospace Workers Union.

Ms. Bradshaw stated this is the first project to be utilizing computer-based training pursuant to regulations passed earlier this year.

**ACTION:** Mr. Rankin moved and Ms. Williams seconded the Panel approve the One Step Agreement as proposed.

Motion carried by the committee of the whole, 4 – 0 – 1 (Chairman Duncan recused himself from the discussion and vote).

Ms. Bradshaw stated that due to a lack of a quorum and the Panel acting as a committee of the whole, this project will be recommended for approval to the full panel at the teleconference meeting.

### **SET – Lifeguard, Inc.**

Mr. Chan presented a One-Step Agreement for Lifeguard, Inc. in the amount of \$149,484 under the Special Employment Training (SET) program to train 176 frontline workers. Lifeguard is a California licensed and federally qualified Health Maintenance Organization which provides medical coverage primarily to employees and dependants of companies located in Northern California. The healthcare industry is a highly competitive field that is affected by rising health care costs, intense price competition, and proposed health care reform legislation. In order to remain competitive, and keep up with the technology to meet customer demands, Lifeguard must have the ability to create new products and services and at the same time ensure customer satisfaction. To accomplish this, Lifeguard has recently invested in a new core operating systems implementation. In order to implement this system, the Company plans on training all of its employees in a condensed four-month period. Lifeguard believes that the ETP funding is a

key ingredient for the Company to effectively conduct its systems training. Lifeguard has invested approximately \$29.6 million in the new core operating system. Training and training related costs not covered by ETP funds total \$400,000 and wages of employees paid during training amount to \$278,000. Lifeguard's projected training expenditures in the next two years are expected to be \$2,422,701.

Mr. Chan introduced Mark Thomas, Chief Financial Officer; Jeannie Aguiar, Director of Business Operations; and Jonathan Lem from Ernst & Young, LLP.

ACTION: Ms. Shockley moved and Ms. Williams seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 5 – 0.

### **Hotel Sofitel San Francisco Bay**

Mr. Chan presented a One-Step Agreement for Hotel Sofitel in the amount of \$275,340 to retrain 141 employees in order to move to a high-performance workplace. Hotel Sofitel maintains that last year 70.6 percent of the Hotel's revenue was derived from out-of-state conference/convention business. Employees need the business, management, continuous improvement, computer, and VESL skills included in this training proposal in order to effectively adapt to new responsibilities and higher service standards; to utilize more critical thinking and problem-solving strategies to improve team efficiency; and to be able to strategize, plan, and implement new procedures and improved processes. Through this training effort, employees will not only gain vital knowledge and skills, but the training will also give frontline workers increased opportunities to advance their careers at Hotel Sofitel. In the past, the Company provided training focused on the technical skills needed to perform daily tasks and basic customer services, in addition to training related to sexual harassment, safety, sales, and quality standards. Through an employee skills assessment and using customer surveys, the Company has tailored the training in this project to meet the requirements of a high-performance workplace. The in-kind contribution is \$75,000 for training and training-related costs, and approximately \$65,000 for wages of employees during training. Following the ETP-funded training, the company will provide additional continuous improvement, job skills, VESL, communication, and customer service skills training.

Mr. Chan stated originally there were letters of support from the Hotel Employees & Restaurant Employees Union Local 340 AFL-CIO, and the Stationary Engineers Local 39 of the International Union of Operating Engineers AFL-CIO. Recently ETP received a letter from the Hotel Employees & Restaurant Employees Union Local 340 withdrawing their support due to de-certification issues.

Mr. Chan introduced Nancy Robinson, Director of Human Resources; Jim Rebosio, Director of Sales and Marketing; Jacqueline Hartman, Consultant, President, Access Performance Solutions; John Martin and George Valdes, Representatives of Hotel Employees & Restaurant Employees Local Union No. 340. Mr. Martin was confident the union issues would be resolved.

ACTION: Mr. Rankin moved and Ms. Williams seconded the Panel table the proposed One-Step Agreement for Hotel Sofitel.

Motion carried, 5 – 0.

Ms. Bradshaw offered an alternative. If the Panel believed this was a worthwhile project except for the current union issues, then they might consider approving the proposed project with the contingency that no training commence until the union issues are resolved and there is full support from both unions.

ACTION: Mr. Hodess moved and Ms. Shockley seconded the Panel untable the One-Step Agreement for Hotel Sofitel.

Motion carried, 5 – 0.

ACTION: Mr. Rankin moved and Mr. Hodess seconded the One Step Agreement for Hotel Sofitel be presented at the teleconference meeting.

Motion carried, 5 – 0.

Mr. Hodess voiced concern over the resolution of the union issues and the possibility of bifurcating the training between the union and non-union workers. The effectiveness of high performance workplace training requires equally training the entire workforce and bifurcating the training might diminish its effectiveness. Ms. Shockley questioned whether or not separating the training had any policy implications. Mr. DeMauro stated the training can be separated, but then the effectiveness of the training is at question.

### **Nationwide Credit, Inc.**

Mr. Lundberg presented a One-Step Agreement for Nationwide Credit, Inc. in the amount of \$1,856,000 to retrain 800 workers. Nationwide Credit provides full-service capabilities to clients whose needs range from collection services for delinquent accounts to managing programs for debts that have been written off. The Company is expanding and is in the process of hiring 800 additional full-time year-round employees in California and plans to move toward a high performance workplace. The newly hired employees will be provided with training in skills that are required for productive utilization of technology, equipment, and processes. Besides the gains in productivity and business viability for Nationwide, the project will support improved employment in Fresno County, which has been impacted by generally higher than average unemployment rates. Nationwide has requested a total number of training hours that is greater than ETP's normal cap of 200. Company officials have certified in writing that the occupation of collector, which the 800 trainees will be filling, requires advanced skills. To properly train for the position, significant structured, on-site training (SOST) is required. The Company will deliver 200 hours SOST and 80 required hours of classroom training for all trainees. During this time, trainees will provide the Company's services to actual customers, thus insuring optimal application of the training and full preparation of each trainee. The Company has determined that this level of training is necessary, and has scheduled the training

so the entire package of classroom/laboratory training and the full 200 hours of SOST will be provided to each cycle of trainees during the Agreement term. Staff also recommends including a provision in the Agreement that if the turnover rate exceeds 25 percent during the final year of the Agreement, 25 percent of the training funds will be withheld.

Mr. Lundberg introduced Jim Bennett, PHR, Corporate Staffing Manager; and Richard Fosse, Subcontractor, Technical Training Resources. Mr. Bennett detailed the need for such a large training project request. Nationwide is targeting their expansion into areas where there is a relatively high unemployment rate and many individuals are economically disadvantaged. In order to do that, a more extensive training program is required to make these people more employable and to reduce the Company's turnover rate

ACTION: Ms. Williams moved and Ms. Shockley seconded the Panel approve this One-Step Agreement as proposed.

Motion carried, 5 – 0.

### **Elk Grove Unified School District – Business Technology Training Institute**

Mr. Lundberg presented a One-Step Agreement for Elk Grove Unified School District – Business Technology Training Institute (BTTI) in the amount of \$110,368 to train 16 new hire individuals who are eligible for unemployment insurance benefits, or have exhausted their unemployment insurance benefits, or had received, at the time of hire, a notice of layoff from the prior employer. BTTI provides vocational education for adults in the business and technology fields and places over 90 percent of its graduates. The training center maintains an active employer and community advisory committee in order to remain on the leading edge of vocational training. Although the Contractor is using the ETP Fixed Fee new hire rate of \$15.00, the training cost per hour for Job 1 has been reduced to \$13.00 per training hour. This cost is consistent with the Contractor's published cost and the prevailing cost charged by other public entities.

Mr. Lundberg introduced Gail Zittel, Administrator. Ms. Zittel assured Ms. Williams that BTTI will not be using funds from any Private Industry Council.

ACTION: Mr. Rankin moved and Ms. Williams seconded the Panel approve the One-Step Agreement for BTTI as proposed.

Motion carried, 5 – 0.

### **Access USA Computer and Management Training Centre**

Mr. Lundberg presented a One-Step Agreement for Access USA Computer and Management Training Centre (Access USA) in the amount of \$279,248 for 180 retrainees. Access USA provides intensive, personalized instruction in high-end computer training. The school is an official center for the new Microsoft Office User Specialist certification program and offers courses in preparation for this exam. Access USA is requesting funding in order to provide

training to businesses in the fast-growing Walnut Creek/Concord area and greater San Francisco Bay area. Access hopes to concentrate on small businesses that often do not have training facilities or cannot afford to train employees. The training provided in this project is customized to each participating employer's need and is designed to provide employees with occupational skills that will further the employer's overall goals of increasing productivity, improving communication, enhancing employee retention, reducing technical support costs, and strengthening overall business viability. Access USA proposes to use a budgeted hourly rate not to exceed \$30 per class per student, rather than ETP fixed fee rate of \$13 for retrainees. The budget costs are being negotiated with the Contractor. Training shall not commence prior to approval of the budget by the Executive Director.

Mr. Lundberg introduced Joan Collins, Director. Ms. Bradshaw explained the budget process to Mr. Hodess who questioned the use of a budget as opposed to using fixed fees.

**ACTION:** Mr. Hodess moved and Ms. Shockley seconded the Panel approve the One-Step Agreement as proposed by staff.

Motion carried, 5 – 0.

## **XII. PUBLIC COMMENT**

There was no public comment.

## **XIII. THE NEW CALIFORNIA ECONOMY**

Ms. Bradshaw introduced Ed Kawahara of the Trade and Commerce Agency. Mr. Kawahara presented an overview of the California economy and how it has evolved over the last two decades. He presented a background on the emerging industries and where the economy is heading to assist the Panel in planning their priorities and future policy issues. Twenty years ago, California was the nation's leader in aerospace and defense. The recession in the early 1990's, due to major cuts in defense spending, base closures, and the overbuilding in real estate, caused California's primary industries, aerospace, construction, construction materials, defense department to downsize. California lost more than 450,000 jobs. The State began an untraditional recovery with the service-producing industries leading the recovery. A diverse economic base no longer dependent on a single industry was emerging. Growth was occurring in the high-tech manufacturing and design industry, professional and technical services, international trade, entertainment and tourism, agriculture, and apparel and fashion design. The services sector, which includes business services, health services, entertainment and tourism, engineering and management, personnel supply, and computer services, is the largest and fastest growing sector of the economy. The fastest growing occupations are in high technology computer services, such as computer engineers, computer support specialists, systems analyst, database administrators, and desktop publishing specialists. Paralegals and legal assistants, health aides, medical assistants, social and human services assistants, and physician assistants are also fast growing occupations.

The new economic climate shows low inflation, low unemployment, rising income, and improved productivity. Inflation is at its lowest level in 30 years and California's unemployment rate is dropping faster than the nation's, and is nearing a pre-recession low. California economy is projected to outpace the nation. A major transformation of all industries, all businesses, regardless of size, will be impacted by the new economy. Organization hierarchy will be flatter. More empowerment will be given to employees in decision making, as technology is allowing use of information at all levels. Team-based environments will increase.

Ms. Bradshaw stated in terms of policy issues the Panel is going to have to address, we have competing dynamics. The manufacturer, the traditional type of employer, is the industry the Panel's legislative mission and policy issues have been driven to. In the new economy, such as the entertainment industry, the employee moves from project to project but stays within that industry. The question is, how do you develop a skilled work force to keep attracting post-production, pre-production companies to California to keep these people employed as opposed to having the companies develop out of state. We want to make sure the policies we develop will take into consideration the traditional economy as well as the ever changing new economy. Last month the Panel expressed a concern that those involved in software development or Internet commerce want to be in California, but the high cost of living and related factors are driving employers out of California. Mr. Kawahara agreed that the success of the economy has had, to some extent, a negative impact by driving up the income, the cost of housing, congestion, etc.

#### **XIV. STATE CHAMBER OF COMMERCE AGREEMENT**

Ms. Bradshaw reported on the value of utilizing the resources of major employer associations in ETP's marketing efforts toward single employer contracts. The State Chamber of Commerce is the oldest and largest employer association. The Chamber has nearly 12,000 member companies, mostly small employers, and a network of over 450 local Chambers. Through its advocacy efforts, business services, and regulatory compliance, the Chamber helps the overall California economy by assisting its members to become more competitive. The California State Chamber is requesting a marketing contract with ETP not to exceed \$250,000 to assist ETP in marketing to its qualified members. The Chamber will conduct a comprehensive marketing program with the primary targets being the member manufacturers in local Chambers. The Chamber's proprietary customer base will be used to reach companies in Chambers that have not previously accessed ETP funds. The Chamber will promote ETP to its members, the local Chambers, and partner companies, by providing on-site marketing to eligible contractors, by assisting companies in the completion of ETP eligibility forms, and by assisting in the submission of ETP applications. ETP is proposing this as a sole-source contract because of the uniqueness of the Chamber's ability to market to its members.

Ms. Bradshaw introduced Dave Kilby, Vice President of the California State Chamber of Commerce.

**ACTION:** Mr. Rankin moved and Ms. Shockley seconded the Panel approve the proposed marketing contract.

Motion carried, 5 – 0.

**XV. PUBLIC COMMENT**

There was no public comment.

**XVI. EXECUTIVE SESSION**

Chairman Duncan announced there would be no Executive Session.

**XVII. ADJOURN**

There being no further business, the meeting was adjourned at 2:35 p.m.